

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 COME-00 AID-20 CIAE-00 EB-11 FRB-03

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CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

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CIEP:RSTERNFELD: (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

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E.O. 11652: DECONTROL FOLLOWING 3/1/75

TAGS: VE, BGEN, EFIN

SUBJECT: PROPOSED INSURANCE LAW

REF: A-155 OF JULY 11, 1974

1. AMERICAN INTERNATIONAL GROUP (AIG) SENT ASSISTANT SECRETARY KUBISCH LETTER JULY 19 STATING GOV PLANS NEW LEGISLATION WHICH IS QUOTE DISCRIMINATORY AND CONFISCATORY IN NATURE UNQUOTE TO FOREIGN INSURANCE COMPANIES.

2. ACCOMPANYING MEMO OUTLINES DEVELOPMENT MINISTRY PROPOSED DRAFT LEGISLATION. ARTICLE 27 REQUIRES THAT NO LESS THAN 80 PERCENT OF CAPITAL OF INSURANCE COMPANY MUST BE VENEZUELAN AND IF VENEZUELAN SHAREHOLDERS ARE CORPORATE LIMITED OFFICIAL USE

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SHAREHOLDERS, SUCH CORPORATION(S) MUST BE 90 PERCENT OWNED

BY VENEZUELAN DOMICILED IN COUNTRY. ARTICLE 27
STIPULATES THAT CORPORATE BOARD MUST HAVE VENEZUELAN
MAJORITY. ARTICLE 28 REQUIRES INSURANCE BROKERAGE AND
AGENCY FIRMS TO BE 100 PERCENT OWNED BY VENEZUELAN AND
PROHIBITS THEM FROM REPRESENTING FOREIGN BROKERAGE FIRMS.
ARTICLE 174 ALLOWS ONLY 180 DAYS TO CONFORM TO THE OWNER-
SHIP REQUIREMENTS AND ONLY 90 DAYS TO CONFORM TO MANAGE-
MENT REQUIREMENTS.

3. AIG MATERIAL, WHICH BEING POUCHED SEPARATELY, HAS
ONE HOPEFUL NOTE. IT STATES THAT MINISTRY IS RECEPTIVE
TO SUGGESTIONS TO REVISE PROPOSED LEGISLATION AND THAT
USG HAS OPPORTUNITY TO EXPRESS VIEWS.

4. ACTION REQUESTED: WOULD APPRECIATE EMBASSY COMMENTS
ON STATUS AND NATURE OF SUCH PROPOSED LEGISLATION AND
WHAT ACTION MIGHT BE TAKEN ON BEHALF US
INSURANCE COMPANIES IN VENEZUELA. DO COMPANIES ACT AS
FINANCIAL INTERMEDIARIES? KISSINGER

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